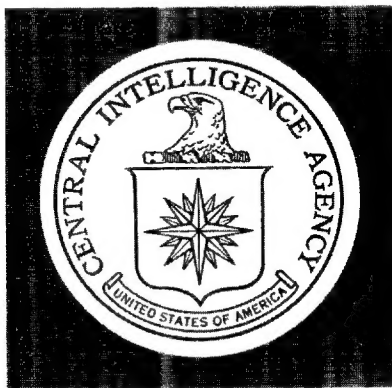


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DIRECTORATE OF
INTELLIGENCE

Intelligence Memorandum

RECENT DEVELOPMENTS IN NORTH VIETNAM

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9 July 1968

Copy No. 24

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Approved For Release 2004/07/08 : CIA-RDP82S00205R000200040005-4

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CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
9 July 1968

INTELLIGENCE MEMORANDUM

Recent Developments in North VietnamSummary

North Vietnam continues to carry out programs designed to improve its economic and military capabilities. There has been widespread expansion of dispersed petroleum storage facilities south of the 20th Parallel, and resupply activities continue at a high level. Route 1036 leading from Dong Hoi has now been extended at least four miles into Laos.

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truck sightings and vehicles destroyed dropped more than 30 percent from the previous week, the decline was due primarily to poor weather.

North of the 20th Parallel, repair activities continue to concentrate on facilities that were only lightly or moderately damaged. Despite a lack of evidence of permanent repair activity, there is some evidence of either the construction of a new, small steel rolling plant or the resumption of work on the unfinished steel rolling facilities at the Thai Nguyen Iron and Steel Complex (see Map 1).

All northern rail lines are serviceable for through rail traffic except for the Hanoi-Lao Cai line at the Viet Tri Bridge. Failure to restore

Note: This memorandum was produced solely by CIA. It was prepared jointly by the Office of Economic Research and the Office of Current Intelligence and was coordinated with the Director's Special Assistant for Vietnamese Affairs.

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this bridge for rail service suggests that the North Vietnamese see no need in the near future for the line as an alternate route for rail traffic from China.

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North Vietnam and the Soviet Union signed a new military and economic aid agreement. This agreement concludes the current round of negotiations with Hanoi's European Communist allies. The negotiators are now in North Korea.

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South of the 20th ParallelLogistic Activity

1. The North Vietnamese continue to move large traffic volumes and to expand and increase storage and transshipment areas, particularly dispersed petroleum storage facilities along key lines of communication. At Cu Dai, near Route 72, 17 miles northwest of Vinh (see Map 2). POL storage has increased sharply.

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Cu Dai is ideally located to support truck traffic moving south to Vinh on Routes 71 and 72 or west to Laos on Route 7. Along Route 72, there has been some effort to expand POL storage areas. Several truck parks and POL drums along the route [redacted] Two areas near the junction of Routes 72 and 15 contain a total of 34 underground POL tanks immediately adjacent to the road. Along Route 15, extensive stockpiling of POL in dispersed sites between Routes 151 and 152 [redacted]

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2. Along Route 152 near the junction of Route 15, an extensive supply and transshipment area [redacted] The area extends for six nautical miles along the road and contains truck parks, rest areas, truck turnarounds, open storage areas, revetted supply points, and several storage buildings. The items observed in open storage included POL drums, stacks of crates and boxes, and other unidentified materials. Although this entire complex has been subjected to intense air attack, there are no indications of any reduced activity.

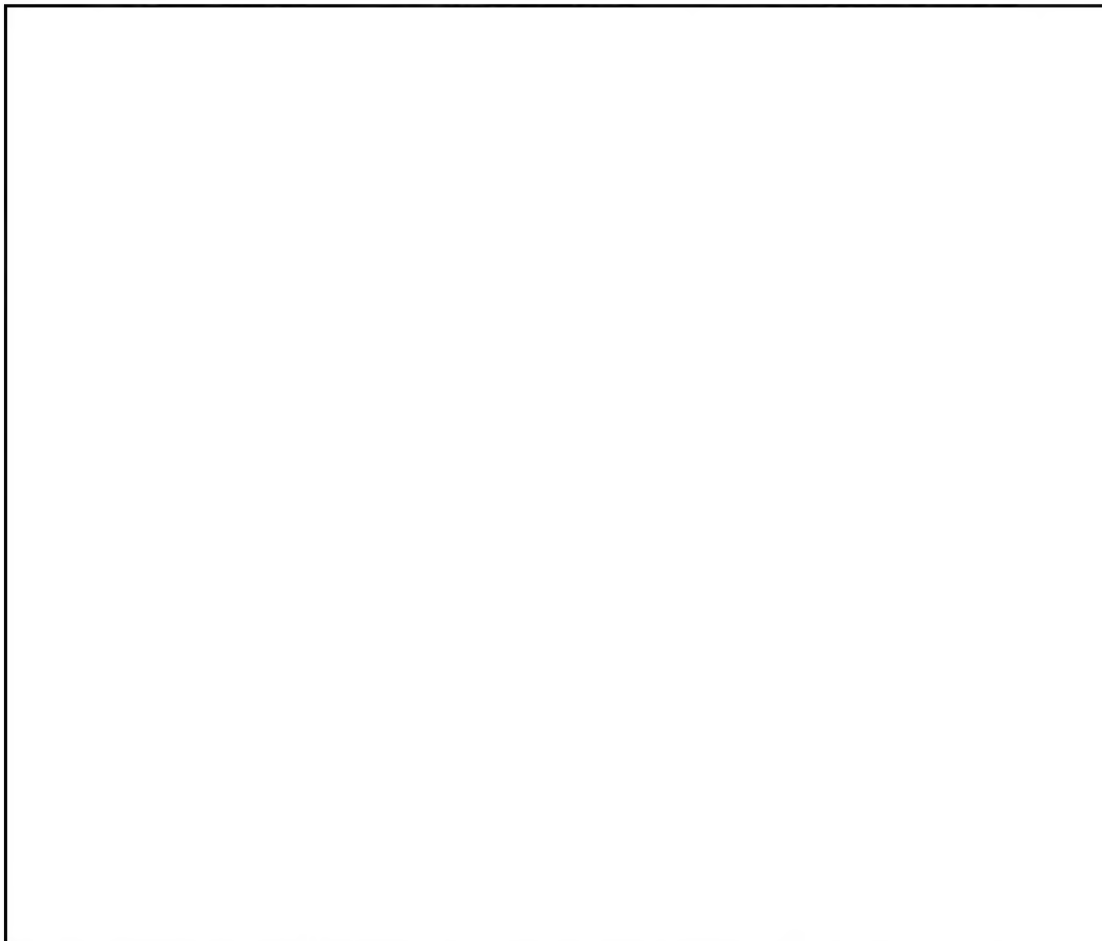
3. The North Vietnamese have extended construction operations on Route 1036 (leading southwest from the Dong Hoi area) four miles across the border into Laos. The road at that point is wide enough for one vehicle. These extensions support estimates

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that the North Vietnamese probably intend to build the road through the Se Bang Hiang Valley to connect with Route 92 north of Route 9.

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number of vehicles reported destroyed and damaged dropped more than 30 percent below last week's totals. The poor weather prevailing over all of North Vietnam the past seven days probably accounted for the major part of the decline; [redacted]

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[redacted] indicated that considerable traffic continued to move over the road net in the Panhandle, but much of the observed traffic could not be quantified or attacked.

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North of the 20th Parallel

Industry

7. Restoration of industrial capacity apparently is being confined to those components of plants that were lightly or moderately damaged, thus restoring only partial use of the facilities. If the bombing restriction came as a surprise to the North Vietnamese, wide-scale permanent or general restoration of damaged plants that would be dependent on imported materials and equipment could not get under way until late summer.

8. Arrangements were recently made to begin delivery in August of equipment for a steel rolling mill

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consummation of the contract in such a short time suggests that the plant will be small and probably of local significance. If the equipment is destined for use at the Thai Nguyen Iron and Steel Complex, it would be the first example of work being resumed on large, unfinished industrial projects.

Logistics

9. The overall capability of the rail and road networks continues to be improved. All northern rail lines are serviceable for through rail traffic, with the exception of the Hanoi-Lao Cai line at Viet Tri, which was restored in 1967 as a cable bridge capable of handling trucks only.

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no effort to make this bridge serviceable for rail traffic. Rail ferries at the site have ample capacity to handle the small amount of traffic currently moved on the line. The apparent lack of interest in restoring the bridge for

rail service may indicate that North Vietnam sees no need to use the line as an alternate route for rail traffic from China. Construction of bypasses along the Dong Dang line continue, however. The concrete and steel bypass bridge over the Canal des Rapides was recently repaired despite the uninterrupted serviceability of the original bridge since February. New bypasses are also being constructed around rail yards, increasing the flexibility of the system.

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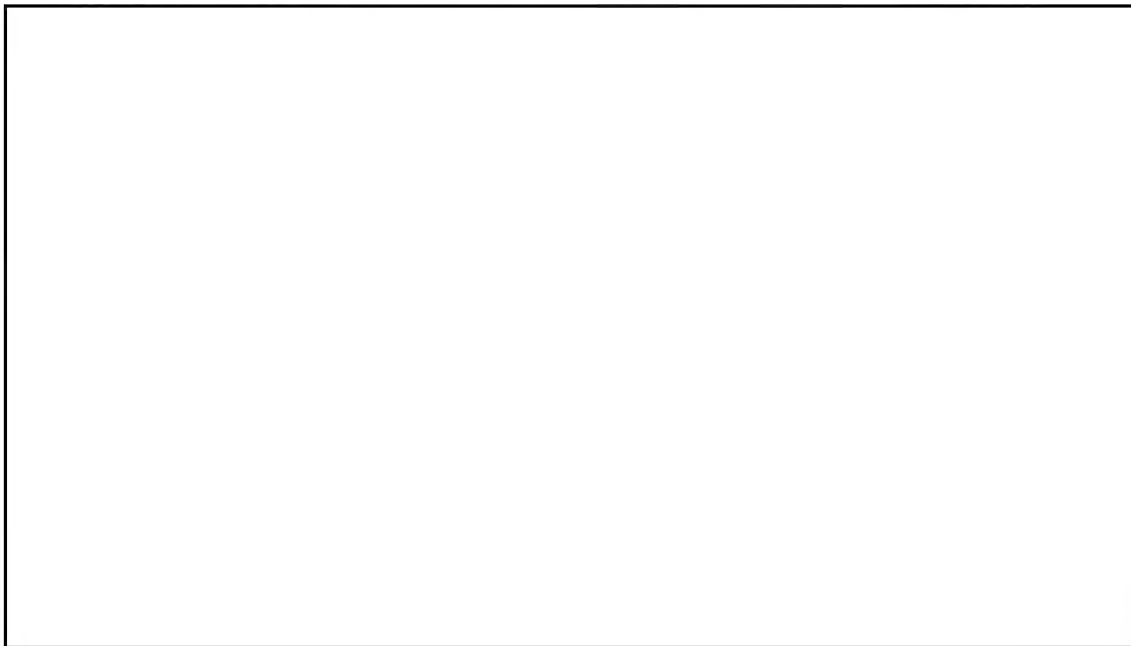
Foreign Trade and Aid

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14. North Vietnam and the Soviet Union signed a new economic and military aid agreement [redacted] ending the European tour of North Vietnam's Deputy Premier Le Thanh Nghi. So far, no other information about the agreement has been announced by either Hanoi or Moscow. However, the agreement will probably parallel the agreements signed earlier with the Eastern European countries. Le Thanh Nghi and his group are now in North Korea.

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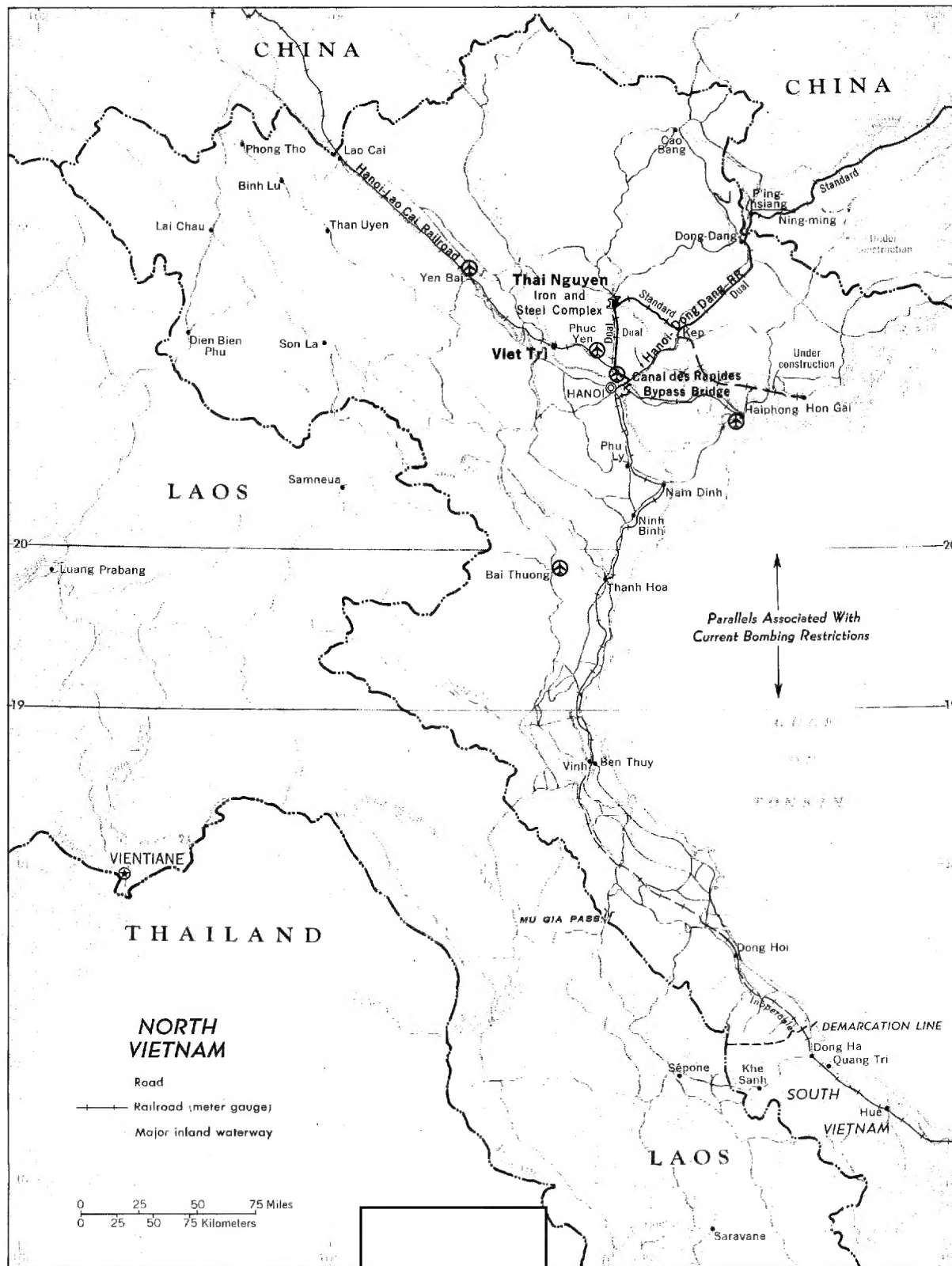


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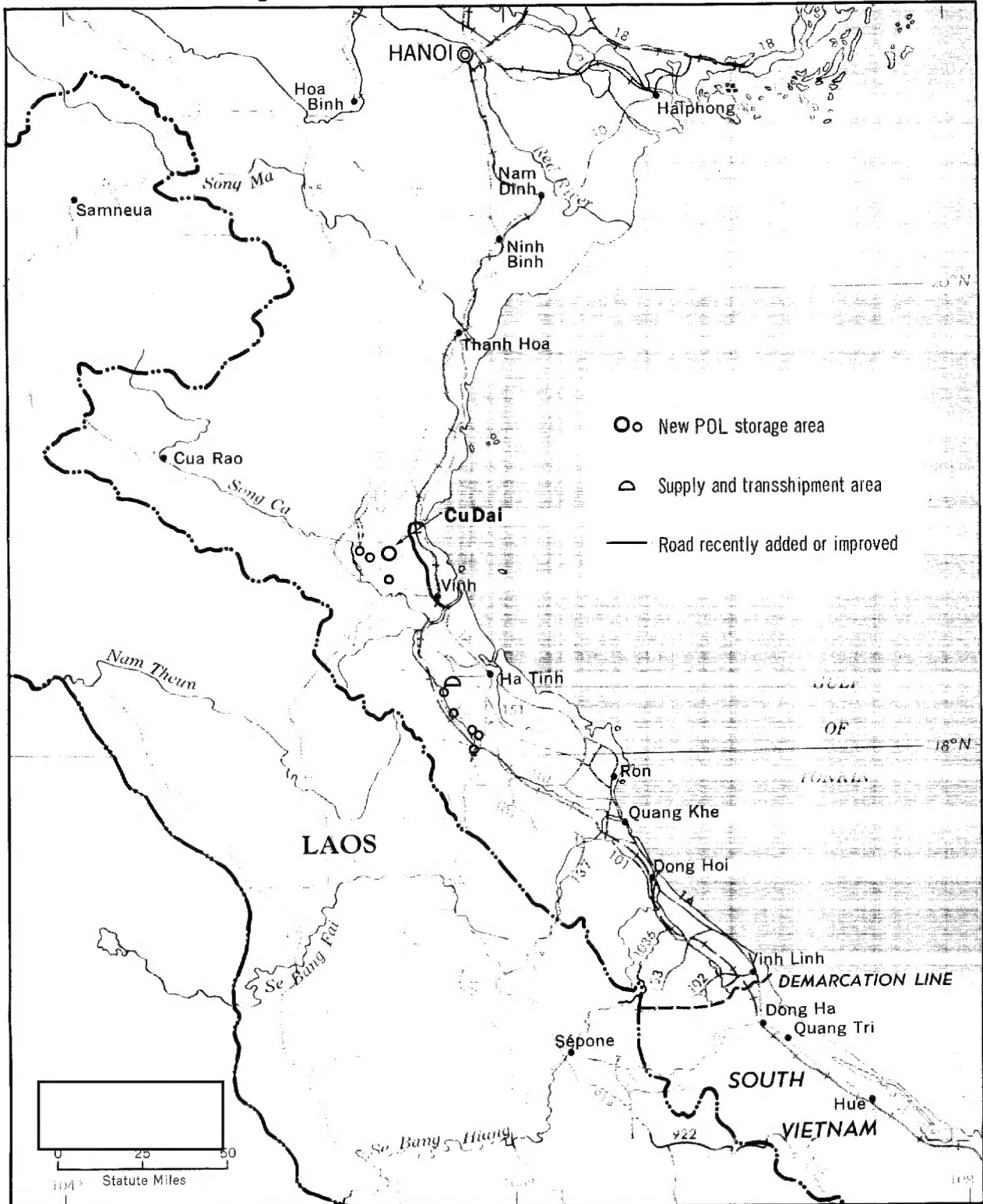
MAP 1



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NORTH VIETNAM: Logistic Activity South of the 20th Parallel

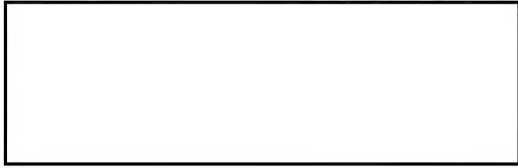
MAP 2



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